

Message Text

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ACTION XMB-04

INFO OCT-01 ARA-06 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 DOTE-00 /051 W

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R 142310Z APR 76

FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC 1268

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E.O. 11652: N/A

TAGS: EGEN, GT

SUBJ: REQUEST FOR EXIMBANK TO SUPPORT SALE OF 20 GM LOCOMOTIVES TO
FEGUA

PASS EXIMBANK AND USDOC, MAJOR PROJECTS DIVISION

REF: STATE 088724

1. FOR SOME TIME FEGUA HAS BEEN TRYING TO ACQUIRE NEW LOCOMOTIVES. LAST OCTIBER AND NOVEMBER, GENERAL ELECTRIC (GE) TRANSPORTATION EQUIPMENT SALES MANAGER FOR LATIN AMERICA WAS IN GUATEMALA TRYING TO PUSH THROUGH SALE OF 10 TO 20 LOCOMOTIVES. FEGUA WANTED TO BUY BUT COULD NOT GET APPROVAL OF MINISTRY OF ECONOMY, TO WHOM FEGUA RESPONSIBLE AND WITHOUT WHOM IT CANNOT GET GOVERNMENT FINANCING. GE STILL PURSUING SALE HER. SHOULD THEY APPLY FOR NEW PC, THIS MESSAGE CAN BE TAKEN AS OUR CONCURRENCE THAT EXIMBANK GRANT REQUEST.

2. ABOUT TIME GE SALE STALLED WE LEARNED THAT SPANISH ASSOCIATION OF MANUFACTURERS, SERCOBE, WHICH IS GOVERNMENT FINANCED, AND TECHNIBERIA HAD ALREADY ARRIVED ON SCENE, OFFERED TO DO FREE STUDY OF NEEDS OF RAILROAD. APPARENTLY THEY HAVE VERY GOOD CONNECTIONS AT HIGHEST LEVELS

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OF GOG. OFFER WAS ACCEPTED AND WE UNDERSTAND SPANISH ARE

SUBMITTING FIRST PART OF \$105 MILLION PACKAGE TO GOG LATE THIS MONTH, WHICH WILL INCLUDE EXPANSION AND RE-BUILDING OF TRACK AND PURCHASE OF NEW ROLLING STOCK AND LCOMOTIVES, PRESUMABLY ALL FROM SPAIN. REPORTEDLY, 7-1/4 PERCENT FINANCING IS BEING OFFERED FOR 10 YEARS, INCLUDING TWO YEARS GRACE. IN RESPONSE TO GE REQUEST, WE HAVE MADE KNOWN TO GOG OUR HOPE THAT ANY PURCHASES BY RAILROAD BE DONE BY OPEN PUBLIC BIDDING.

3. REFTEL IS FIRST WE HAVE HEARD OF GENERAL MOTORS (GM) INTEREST IN GUATEMALA. WOULD APPRECIATE BACK-GROUND INFORMATION ON THEIR PLANS. SPECIFICALLY, HAS BANK OF GUATEMALA ACTUALLY OFFERED A GUARANTEE TO GM?

4. REGARDING PARA 4, REFTEL, WE HAVE NO INFORMATION ON WHAT IF ANY CONCRETE STEPS FEGUA MAY HAVE TAKEN TO CORRECT DEFICIENCIES NOTED IN OKIE REPORT, BUT WE DOUBT MUCH OF ANYTHING HAS BEEN DONE TO IMPROVE ROADBED, PERSONNEL TRAINING OR REPAIR FACILITIES. NO NEW FREIGHT CARS ARE KNOWN TO HAVE BEEN BOUGHT. OF LATE FEGUA HAS BEEN FULLY OCCUPIED REOPENING ITS EARTHQUAKE DAMAGED LINE TO PUERTO BARRIOS.

5. WE PERCEIVE NO REASONS WHY EXIMBANK SHOULD NOT CONSIDER GENERAL MOTORS REQUEST OR GRANT IT.
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Message Attributes

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Margaret P. Grafeld
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